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C O N F I D E N T I A L SECTION 01 OF 04 BAGHDAD 001559

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SUBJECT: CABINET FORMATION UPDATE: PROGRESS BUT STILL A  
DISTANCE TO GO

Classified By: Political Counselor Robert S. Ford for  
reasons 1.4 (b) and (d).

11. (C) Summary: At the close of May 10, we see progress in the cabinet formation negotiations, with some ministries, such as the Foreign Ministry, Electricity and Oil, nearly finalized while debates about several ministries crystallized. Prime Minister-designate al-Maliki and Shia Coalition Independent Hussayn Shahrستاني both said that Interior and Defense ministry candidates are still up for discussion. There was no agreement over who would hold the Planning, Trade, Housing and Justice ministries. In particular, there appears to be a real fight shaping up about the Planning Ministry between the Iraqiya List and the Tawafuq Front. There apparently was agreement on May 10 to allocate the Health Ministry to the Tawafuq Front, although whether the Sadrists will readily relinquish it is less clear. Hewan's Saleh Mutlak still insisted on the Ministry of Foreign Affairs, rejecting appointments to head the Ministry of Culture or the Ministry of Human Rights. Allawi appeared ready to engage more seriously in negotiations with the Kurds and the Shia Coalition about the cabinet. After Tawafuq's talks on May 10 with Prime Minister designate Nuri Kamel al-Maliki, a top Tawafuq official claimed that the Shia Coalition was not negotiating in good faith and threatened to air its grievances publicly. Much of this chatter and swirling is standard fare in Iraqi politics - a rough sport at the best of times. Our sense is that there is a great deal of fluidity and that there is progress being made. That said, the final deal is still some time off, and the Sadrists could play a real spoiler role. End Summary.

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Kurdish Views: Progress and Blockages  
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12. (C) Kurdish Alliance negotiator Barham Salih told Charge on the evening of May 10 that he was "90 percent" likely to be nominated a deputy prime minister with responsibility for economic issues. (Comment: Senior Shia Islamist Coalition negotiator Hussayn Shahrستاني told Charge earlier May 10 that Salih would be the DPM for economic issues, although he expressed concern about whether Salih and Prime Minister al-Maliki would have a workable relationship. End Comment.) Salih said he had just finished talking to Kurdistan Region President Masud Barzani who had agreed that the Kurdish Alliance would accept the deal offered by the Shia Islamists that included

-- the Foreign Minister slot with Hoshiyar Zebari again;  
-- the Water Ministry with Abdel Latif Mohammed;  
-- the Industry Ministry with Fawzi Hariri;

Salih said that the Kurdish Alliance was also pressing to secure the Housing Ministry for a KDP woman named Bayan and also a lesser ministry, such as environment or cultural affairs. During the conversation with Charge, Barzani called Salih back and asked Salih to push for an extra Minister of State slot so that the Kurds could give it to a Yazidi. Salih noted that the Shia Coalition was trying to get the Kurds to trade Housing for Justice (Shahristani confirmed this to in our conversation with him). Salih said that while the Kurds had many good judges, they had no political figures who needed to be rewarded and who would be appropriate for Justice. Thus, they were going to hold firm to their demand for the Housing Ministry.

13. (C) Another Kurdish negotiator, Fuad Masum, told PolCouns on May 10 that the key obstacle to government formation was internal division within the various blocs. Masum noted that Iraqiya was not acting as a unified coalition: both individuals within Iraqiya (such as Adnan Pachachi and Wa'el Abd al-Latif) and parties (such as the Communist Party) were negotiating separately with the Shia Coalition in the hopes of getting ministry appointments. Masum said that Masum confirmed that Barham Salih and Hoshyar Zebari (Deputy Prime Minister and Foreign Minister, respectively) would definitely be nominated, and the KDP would name a woman for one of their ministerial slots. Masum said PUK Politburo member Mohammad Tawfiq might also be awarded a ministry.

14. (C) According to Masum, the Shia Alliance would continue to put forward Bayan Jabr al-Solagh for Interior as long as the Sunni Arabs insisted on nominating Khalaf al-Ulayan for Defense. As for some of the other

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candidates, Masum judged that Husayn al-Shahristani would be a smart and capable Minister of Oil, but too prone to see things through a sectarian lens. Masum said he did not know Fadhila Party Trade Minister candidate Ali al-Dabbagh well. Noting that al-Dabbagh was a new Fadhila member, Masum questioned the character of a party that would elevate al-Dabbagh to head of the Political Bureau within a few weeks of membership.

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PM Maliki trying to complete the puzzle  
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15. (C) Prime Minister-designate Nuri al-Maliki told the Charge May 10 that competition between the Tawafuq Front and Iraqiyya List was holding up progress in completing his cabinet. Maliki said both of those lists were competing over the planning minister position but the Iraqiya List's Mehdi Hafez as the more capable candidate. Maliki appealed to the Charge for help in bringing Tawafuq and Iraqiyya to agreement on the issue. The Charge also highlighted the importance of finding good ministers for the Health and Transport Ministries where the incumbents have made cooperating with us very difficult.

16. (C) Maliki said he remained committed to keeping finance, interior, defense and electricity out of the political quota system. He said he still did not have a solid candidate to be the Interior Minister, however. Maliki said he was determined to put a civilian in that post and planned to take his time to make sure he gets it right. He also indicated he had made no decision on the defense ministry and did not indicate when he would do so. The Charge urged Maliki to keep the focus on professionalism in all posts and to plan early for an inaugural address that strikes a note of unity and reconciliation. Maliki said he planned to work on those themes. Maliki said he already had indications that some armed groups were ready to seek a negotiated settlement

with the government. He added that he had attempted to send a positive message on that front in his press remarks the previous day.

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Shia Coalition Negotiator Outlines Final Deal  
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17. (C) Shia Islamist Coalition negotiator Hussayn Shahrستاني subsequently told Charge May 10 that the pieces of the cabinet were falling into place, although some important questions remain:

-- The Interior Minister is still unidentified. Muwafaq Rubai'e, Qassem Daoud and Tawfiq al-Yasiri all are unacceptable to the Shia Coalition which has the right to name the minister. He said it could be a retired security force officer, but he did not know who.

-- Similarly, the Defense Minister had to be named still by the Sunni Arabs. He thought National Guard General Muhammad Abd al-Qadir al-Mufraji might be acceptable. (Salih also mentioned his name as a possibility although he expressed strong preference for a civilian defense minister.)

-- Maliki would not want any assistant ("muawun") prime ministers - the two deputies would suffice.

-- Hoshiyar Zebari would remain as Foreign Minister, but a new Minister of State for Foreign Affairs would be established for the Shia Islamist Coalition. (Shahrستاني said that Coalition group SCIRI was pushing for Akram al-Hakim, the old National Assembly Foreign Relations Committee chair, for this post, but Shahrستاني was not personally enthusiastic.)

-- At a May 10 meeting, the Shia Islamist Coalition accepted that the Sunni Arab Tawafuq had a stronger candidate for the Health Ministry and so would relinquish it; now, he said, the Coalition leadership would have to convince the Sadrists who had wanted it.

-- Shahrستاني said the Kurdish Alliance was pushing to secure the Housing Ministry, but the Shia Islamist Coalition so far was reserving it for the Sadrists who, Shahrستاني said, would retain current minister Jafar in his job.

-- He said the Shia Islamist Coalition was trying to

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convince the Kurds to accept the Justice Ministry, on top of the Foreign Ministry and the Water Ministry, and two "lesser" ministries such as Environment, Human Rights, and Science.

-- Shahrستاني confirmed he is the Shia Coalition's candidate for the Oil Ministry and that the Fadhila Party would get no major ministry after its "corrupt performance" at the Oil Ministry during the Jafari government.

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Tawafuq Ministerial Deal in Flux  
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18. (C) Tawafuq official Ala'a Maki told Poloff on May 10 that PM-designate Maliki was "playing with us." At this point, Tawafuq wants the Ministries of Planning, Education and Health, Maki said. He claimed that Maliki had told Tawafuq leaders that he was making no commitments and for Tawafuq to go and negotiate with Sadr for the Health Ministry - a silly proposal in his view. Maki said that meanwhile the initial offer to Tawafuq of Finance was withdrawn, then Trade was offered and then

Planning was substituted for Trade only to be again withdrawn. (Shahristani told us May 10 that the Tawafuq Front should accept the Trade Ministry and that Tawafuq negotiator Tariq al-Hashimi had agreed to do so. However, Salih told us May 10 evening that President Talabani had signed a letter signaling Kurdish support for Tawafuq candidate for the Planning Ministry, Ali Baban. Baban called us himself late May 10 complaining that he did not want the Trade Ministry that the Shia had again proposed. Clearly unhappy, he warned the Embassy not to undercut his bid.)

¶9. (C) Asked what Tawafuq would do, Maki on May 10 said they would meet and decide on the next steps. Maki said one possibility would be a Tawafuq press conference to voice displeasure. Poloff cautioned that it was best to continue to negotiate and not escalate the differences to the public forum.

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Allawi getting involved  
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¶10. (C) Senior Iraqiya member Safia Suhail told Poloff on May 10 that she had finally convinced Ayad Allawi to personally enter government negotiations. She said Allawi had arranged to meet President Jalal Talabani the evening of May 10 to talk cabinet slots. Suhail said that Allawi also agreed to meet with Prime Minister designate Nuri Kamel al-Maliki this week. Suhail reported that Iraqi Communist Party leader Hamid Mousa officially represents Iraqiya at Parliament. Suhail added that on May 11 Iraqiya general membership will meet with Allawi.

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Mutlak Still Eyes MFA  
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¶11. (C) Hewan's Saleh Mutlak told Poloff on May 10 that he had not gone into the CoR chamber to participate in the day's debates. Instead, true to form, he planted himself in front of the press area and began giving a series of interviews. He told Poloff that he has not given up on his quest to become the Foreign Minister and asked for Embassy support. He rejected the two ministries that he claimed to have been offered (Culture and Human Rights), demanded four ministries and insists that he will go into opposition if his demands are not met. Poloff reminded Mutlak that the Embassy is not selecting ministerial candidates and he would have to negotiate with the major political blocs for positions.

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Comment  
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¶12. (C) Today's contacts describe a situation that is still fluid but slowly crystallizing. The sensitive Foreign Ministry, the Oil Ministry and the Electricity Ministry jobs all appear done. The Kurdish Alliance appears close to finalizing its overall package; finding a lowly Minister of State slot for a Yazidi cannot be a deal breaker. Not surprisingly, satisfying the Sunni Arab Tawafuq and Hewan leaders, and the fickle Allawi team, will be harder. In particular, we see a possibly

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sharp but short contest for the Planning Ministry over the next couple of days. It will be interesting to see if Allawi backs up his occasional political ally, Mehdi Hafez, for the Planning Ministry job. Behind all of this, however, there is the issue of satisfying the Sadrists who are still smarting over the rejection of their PM candidate, Ibrahim Jafari. The Kurds and the Sadrists are wrestling over the Housing Ministry; the

Tawafuq and the Sadrists may wrestle over the Health Ministry. Moreover, we and some of our contacts are uncomfortable with the Sadrists' control over the Transport Ministry where their minister causes big problems with airports and the Sadrists exploit control over the money and jobs tied to Basrah and Khor Zubayr ports to their political advantage. Shahrستاني himself pondered this problem and wondered how to fix it. We could still see the Sadrists throw grains of sand into negotiating gears over the next few days to slow the process down.

SATTERFIELD